

WHAT IS CLAIMED IS:

I 1. A program controlled apparatus for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the apparatus comprising:

5 a first database having a directory of parameters identifying all domestic taxing jurisdictions by zip code requiring payment of taxes;

a second database having a directory of parameters identifying the taxability of goods and/or services by each jurisdiction identified by zip code in the first database, through the use of commodity codes;

a third database having a directory of parameters identifying all domestic sales, use and rental tax rates for each zip code; and

10 a server having programming for determining all taxes due on each transaction request input to the apparatus according to the directory parameters maintained by the first, second and third databases.

I 2. A program controlled apparatus for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the apparatus comprising:

20 a first database having a directory of parameters identifying all domestic taxing jurisdictions by geocode requiring payment of taxes;

a second database having a directory of parameters identifying the taxability of goods and/or services by each jurisdiction identified by geocode in the first database, through the use of commodity codes;

a third database having a directory of parameters identifying all domestic sales, use and rental tax rates for each geocode; and

a server having programming for determining all taxes due on each transaction request input to the apparatus according to the directory parameters maintained by the first, second and third databases.

3. A program controlled apparatus for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the apparatus comprising:

a first database having a directory of parameters identifying all domestic taxing jurisdictions by jurisdiction name requiring payment of taxes;

a second database having a directory of parameters identifying the taxability of goods and/or services by each jurisdiction identified by jurisdiction name in the first database, through the use of commodity codes;

a third database having a directory of parameters identifying all domestic sales, use and rental tax rates for each jurisdiction name; and

a server having programming for determining all taxes due on each transaction request input to the apparatus according to the directory parameters maintained by the first, second and third databases.

4. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

inputting an XML-based transaction request from a selected transaction processing source system to a program controlled apparatus for performing tax related transactions;

searching lines of the transaction request to locate transactions with exempt taxability codes associated with each line of the transaction request and a taxpayer invoiced tax amount of zero;

searching lines of the transaction request to locate transactions where all ship-to locations are within jurisdictions which do not impose sales or use taxes, and a taxpayer invoiced taxed amount of zero;

searching lines of the transaction request to locate transactions containing a trusted general ledger account for each ship-to state;

parsing a list in selected database directory of the apparatus for trusted vendors of the ship-to-state to determine whether the taxpayer of the transaction request is a trusted vendor;

parsing a list in a selected database directory of the apparatus for must-see accounts, cost centers, taxpayers and tax codes to determine whether the account number, cost center, taxpayer and tax code input with the transaction request corresponds to a corresponding account number, cost center, taxpayer and tax code on the list;

parsing a list in a selected database directory of the apparatus to determine whether a tax rate corresponding to the tax amount invoiced matches an expected tax rate for the transaction request and is within a selected tolerance of error;

searching all lines of the transaction request to determine if the expected tax rate for each line of the transaction request is the full rate of tax for the corresponding ship-to address on the line, with a taxpayer invoiced tax amount equal to zero;

transmitting the transaction request to a tax processor for reviewing the request and  
 5 determining the amount of sales and/or use tax to be paid to the taxpayer and/or accrued; and  
 recording in the general ledger system the tax paid to the taxpayer and/or accrued.

A2 5. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

inputting an XML-based transaction request from a selected transaction processing source system to a program controlled apparatus for performing tax related transactions;

searching lines of the transaction request to locate exempt taxability codes on all lines of the transaction request and a zero tax amount invoiced by the taxpayer, and if located, transmitting the transaction request to a general ledger system and recording the request with the same exempt taxability codes found in the transaction request in the general ledger system;

parsing a list in a selected database directory of jurisdictions which do not impose sales or use taxes;

searching lines of the transaction request to determine if all lines of the transaction  
 20 request were shipped to jurisdictions which do not impose sales or use taxes, and if located, examining the tax amount field in the transaction request to determine if the tax amount is zero, and if this condition is also met, transmitting the transaction request to the general ledger system and recording the request with a selected tax code in the general ledger system;

parsing a list in a selected database directory of trusted general ledger accounts for each state;

searching the transaction request to determine whether each line of the transaction request contains trusted general ledger accounts, and if located, transmitting the transaction request to the general ledger system and recording the request with a selected tax code in the general ledger system;

parsing a list in selected database directory of the apparatus of trusted vendors for the ship-to-state to determine whether the taxpayer of the transaction request is a trusted vendor, and if located, transmitting the transaction request to the general ledger system and recording the request with a selected tax code in the general ledger system;

parsing a list in a selected database directory of the apparatus for must-see accounts, cost centers, taxpayers and tax codes to determine whether the account number, cost center, taxpayer and tax code input with the transaction request corresponds to a corresponding account number, cost center, taxpayer and tax code on the list, and if located, transmitting the transaction request to a tax processor for reviewing the request and determining the amount of sales/use tax to be paid to the taxpayer and/or accrued and self-reported;

recording in the general ledger system the sales/use tax paid to the taxpayer and/or accrued;

parsing a list in a selected database directory of the apparatus to determine whether a tax rate corresponding to the tax amount invoiced matches an expected tax rate for the transaction request and is within a selected tolerance of error, and if located, transmitting the transaction request to the general ledger system and recording the request with a selected tax code in the general ledger system, and if not located, transmitting the transaction request to a tax processor

for reviewing the request, determining the amount of sales/use tax to be paid to the taxpayer and/or accrued, and recording in the general ledger system the sales/use tax paid to the taxpayer and/or accrued; and

searching lines of the transaction request to determine whether each line of the transaction request contains an expected tax rate equal to the full sales/use tax rate for the corresponding ship-to address on each line of the transaction request, with a taxpayer invoiced tax amount equal to zero, and if located, transmitting the transaction request for recording in the general ledger system with a selected tax code causing a full sales/use tax rate accrual for the ship-to location on each line of the transaction request.

6. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

inputting an XML-based transaction request from a selected transaction processing source system to a program controlled apparatus for performing tax related transactions;

identifying the class of transaction to be processed;

determining the taxability of the transaction request based on a taxability indicator contained in the transaction request;

locating a tax rate in a selected database directory that is applicable to the item of goods being sold;

parsing a list in a selected database directory of vendors, by location, collecting tax in full;

matching the taxpayer in the transaction request with a vendor in the list;

writing to a selected file that no accrual of tax is due on the item; and  
completing processing of the transaction.

A3 - 2 7. A method for identifying taxable financial transactions, collecting data based on  
5 the transactions and calculating any taxes due on the transactions, the method comprising the  
steps of:

inputting an XML-based transaction request from a selected transaction processing source  
system to a program controlled apparatus for performing tax related transactions;

identifying the class of transaction to be processed;

determining the taxability of the transaction request based on a taxability indicator  
contained in the transaction request;

determining the taxability of the products/services purchased by parsing a list in a  
selected database directory of product/service taxability by location, and searching the list for  
each commodity code found in the transaction request;

15 parsing a list in a selected database directory of vendors, by location, collecting state level  
sales/use tax;

matching the taxpayer in the transaction request with a vendor in the list;

writing to a selected file that the transaction request is subject to local sales/use tax only;

and

20 completing processing of the transaction.

A4 8. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

inputting an XML-based transaction request from a selected transaction processing source  
 5 system to a program controlled apparatus for performing tax related transactions;  
 identifying the class of transaction to be processed;  
 determining whether the transaction request contains an exempt taxability code and  
 whether any tax amount field in the request contains an amount greater than zero;  
 writing to a selected error log for obtaining taxpayer credit; and  
 10 completing processing of the transaction.

A5-1 9. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

15 inputting an XML-based transaction request from a selected transaction processing source  
 system to a program controlled apparatus for performing tax related transactions;  
 identifying the class of transaction to be processed;  
 determining whether the transaction request relates to a sale of an item of goods or a  
 resale of the item of goods;  
 20 parsing a selected database directory for a tax rate that is applicable to the item of goods  
 being resold; and  
 completing processing of the transaction.



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10. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

inputting an XML-based transaction request from a selected transaction processing source  
5 system to a program controlled apparatus for performing tax related transactions;

identifying the class of transaction to be processed;

determining whether the transaction request relates to a sale of an item of goods or a resale of the item of goods;

locating a tax rate in a selected database directory that is applicable to the item of goods  
10 being sold;

parsing a list in a selected database directory of those items of goods that are tangible personal property;

searching the list for the item of goods;

writing to a selected file that no accrual of tax is due on the item; and

15 completing processing of the transaction.

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11. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

20 inputting an XML-based transaction request from a selected transaction processing source system to a program controlled apparatus for performing tax related transactions;

identifying the class of transaction to be processed;

determining whether the transaction request relates to a sale of an item of goods or a resale of the item of goods;

locating a tax rate in a selected database directory that is applicable to the item of goods being sold;

5 parsing a list in a selected database directory of those items of goods that are tangible personal property;

matching the item of goods with an item of goods in the list;

writing to a selected file that accrual of tax on the item is due in full; and

completing processing of the transaction.

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12. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

inputting an XML-based transaction request from a selected transaction processing source  
15 system to a program controlled apparatus for performing tax related transactions;

identifying the class of transaction to be processed;

if the transaction is an electronic catalog purchase, then searching the transaction request for a taxability code, and determining whether the taxability code reflects that the purchase is for a taxable or a tax exempt purchase of goods and/or services, and if the taxability code reflects  
20 a code other than taxable, then the level 2 tax field in the transaction request is searched for a tax amount, and if located, transmitting the transaction request to the general ledger system and recording the request with the same exempt taxability code found in the transaction request in the general ledger system, and writing the transaction request to an error log for purposes of

pursuing taxpayer credit, and if not located, then transmitting the transaction request to the general ledger system and recording the request with the same exempt taxability code found in the transaction request; and

searching the transaction request for an expected tax rate greater than about 0.00%, and  
5 if located, then examining the level 2 tax field in the transaction request for an amount greater than about \$0.00, and if located, then parsing a selected database directory containing taxpayer taxing locations, searching for the taxpayer contained in the transaction request, and if located, then determining whether the taxpayer collects the full sales/use tax rate for the ship-to location based on the coding found in the database directory, and if the taxpayer does collect the full rate of tax for the ship-to location, then transmitting the transaction request to the general ledger system and recording the request with a selected tax code in the general ledger system, and if the taxpayer is not listed as collecting tax in full for the ship-to location, then transmitting the transaction request to the general ledger system and recording the request with a selected tax code in the general ledger system causing an accrual of city, county and/or transit tax for the ship-to  
10 location contained in the transaction request, if directed by the coding in the selected database directory of taxpayer taxing locations, and if not located, then transmitting the transaction request to the general ledger system and recording the request with a selected tax code in the general ledger system causing a full rate sales/use tax accrual for the ship-to location contained in the transaction request, and if not located, then examining the level 2 tax field in the transaction  
15 request for an amount greater than about \$0.00, and if located, then transmitting the transaction request to the general ledger system and recording the request with a selected tax code in the general ledger system, and writing the request to an error log for purposes of pursuing taxpayer

credit, and if not located, then transmitting the transaction request to the general ledger system and recording the request with a selected tax code in the general ledger system.

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5 13. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

inputting an XML-based customer transaction request from a selected transaction processing source system to a program controlled apparatus for performing tax related transactions;

10 identifying the class of transaction to be processed;

if the transaction is a credit card purchase, then parsing a list in a first selected database directory of those credit card numbers to be denied access to the apparatus;

15 searching the list for the credit card number contained in the transaction request, and if located, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

parsing a list in a second selected database directory of taxing jurisdictions associated with cost-centers/departments;

20 searching the list for the state associated with the cost-center/department contained in the transaction request;

parsing a list in a third selected database directory of those jurisdictions not imposing sales or use taxes;

searching the list for the state associated with the cost-center/department, obtained from the second selected database directory, and if located, then transmitting the request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

5 parsing a list in a fourth selected database directory of taxpayer's taxing locations, and sale type;

searching the list for the taxpayer contained in the transaction request, and if found, and the taxpayer is a seller of services, then parsing a fifth selected database directory of jurisdictions applying sales and/or use taxes to services, searching for the state associated with the cost-center department contained in the transaction request, and if located, and the taxpayer is listed as collecting tax in full for the state associated with the cardholder's cost-center/department, then transmitting the request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system, and if located, and the taxpayer is not listed as collecting tax in full for the jurisdiction associated with the cardholder's cost-center/department, then searching the level 2 tax field in the transaction request for a tax amount, and if located, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request in the general ledger system with a selected tax code in the general ledger system causing an accrual of local sales or use tax for the taxing jurisdiction associated with the cardholder's cost-center/department, and recording the amount of sales and/or use tax paid to the taxpayer and locale sale or use tax amount accrued in the general ledger, and if no tax amount is found in the level 2 tax field in the transaction request, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request in the general ledger system

with a selected tax code in the general ledger system causing a full rate sales/use tax accrual for the taxing jurisdiction associated with the cardholder's cost-center/department, and recording the amount of sales and/or use tax accrued on the transaction request in the general ledger system, and if not located, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system, and if the taxpayer is not a seller of services, and the fourth selected database directory of taxpayer taxing locations reveals that the taxpayer collects tax in full for the cardholder jurisdiction, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

if the fourth selected database directory of taxpayer taxing locations does not indicate that the taxpayer collects tax in full for the cardholder jurisdiction, and the tax amount in the level 2 tax field is greater than zero, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system causing an accrual of local sales or use tax for the taxing jurisdiction associated with the cardholder's cost-center/department in the general ledger system, and recording the amount of sales and/or use tax paid to the taxpayer and local sale or use tax amount accrued in the general ledger, and if no tax amount is located in the level 2 tax field, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with the selected tax code in the general ledger system causing a full rate sale/use tax accrual for the taxing jurisdiction associated with the cardholder's cost-center/department, and recording the amount of sales and/or use tax accrued on the transaction request in the general ledger system;

parsing a list in a sixth selected database directory of taxpayer names who are identified as trusted;

searching the list for the taxpayer name found in the transaction request, and if located, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

determining whether the level 2 tax field contains an amount, and if located, transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

determining whether the jurisdiction associated with the cost-center/department is the same as the taxpayer jurisdiction, and if so, transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system, and if not, transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request in the general ledger system with a selected tax code in the general ledger system causing a full rate sale/use tax accrual for the taxing jurisdiction associated with the cardholder's cost-center/department, and then recording the amount of sales and/or use tax accrued on the transaction request in the general ledger system; and

completing processing of the transaction.

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14. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

inputting an XML-based customer transaction request from a selected transaction processing source system to a program controlled apparatus for performing tax related transactions;

identifying the class of transaction to be processed;

5 if the transaction is a credit card purchase, then parsing a list in a first selected database directory of those credit card numbers to be denied access to the apparatus;

searching the list for the credit card number contained in the transaction request, and if located, transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

parsing a list in a second selected database directory of trusted commodity codes;

searching the list for the commodity code contained in the transaction request, and if located, transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

15 determining whether the transaction request contains a taxability code other than the taxable code, and if the transaction request contains a taxability code other than taxable, then the tax field is searched for a tax amount, and if located, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger, and writing the transaction request to an error log for purposes of pursuing taxpayer credit, and if not located, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger;



parsing a list in a third selected database directory of those jurisdictions not imposing sales or use taxes;

searching the list for the jurisdiction associated with the ship-to jurisdiction contained in the transaction request, and if located, then transmitting the request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

determining whether the expected tax rate in the transaction request is about 0.00% and the tax amount field is about \$0.00, and if this condition is met, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

determining whether the expected tax rate in the transaction request is greater than about 0.00% and the tax amount field in the transaction request is about \$0.00, and if this condition is met, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system causing a full rate sale/use tax accrual for the ship-to taxing jurisdiction, and thereafter recording the amount of sales and/or use tax accrued on the transaction request in the general ledger system;

determining whether the expected tax rate in the transaction request is greater than about 0.00% and the tax amount field in the transaction request is greater than about \$0.00, and if this condition is met, then parsing a fourth selected database directory, containing the taxability of separately-stated common carrier freight charges by jurisdiction, searching for the taxability of separately-stated common carrier freight charges for the ship-to jurisdiction contained in the transaction request, and when located, computing the tax amount due by the following formula:

expected tax rate times the (total credit card charge minus the amount of the tax amount field, minus the amount in the separately-stated freight amount field if the entry in the fourth selected database directory indicates that the freight charge is non-taxable for the ship to jurisdiction), comparing the amount in the tax amount field to the computed tax amount due, and if the amount

5 in the tax field matches the computed tax amount due within a selected tolerance of error, based in cents, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system, and if the amount in the tax amount field does not match the computed tax amount due within the selected tolerance of error, then parsing a fifth selected database directory, containing

10 a list of locations requiring the accrual of local city, country and transit/district use taxes and a corresponding code for the type of local use tax accrual required for the jurisdiction, searching for the ship-to location contained in the transaction request, and if located, then transmitting the transaction request to a selected file for future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system causing a city, county and/or transit/district use tax accrual, as specified by the coding found in the fifth selected

15 database directory entry for the ship-to location in the transaction request, in the general ledger system, and recording the amount of sales and/or use tax paid to the taxpayer, plus the amount of city, county, and/or transit/district use tax accrued on the transaction request, in the general ledger system, and if not located, then transmitting the transaction request to a selected file for

20 future transmission to the general ledger system and recording the request with a selected tax code in the general ledger system;

determining whether the expected tax rate in the transaction request equals about 0.00% and the tax field amount in the transaction request is greater than about \$0.00, and if this

condition is met, then transmitting the transaction request to a selected file for future transmission to the general ledger system, recording the request with a selected tax code in the general ledger, and writing the transaction request to an error log for purposes of pursuing taxpayer credit; and

5 completing processing of the transaction.

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*double*  
*14.* A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

10 inputting an XML-based customer transaction request from a selected transaction processing source system to a program controlled apparatus for performing a tax related transaction;

identifying the class of transaction to be processed;

15 if the transaction is a credit card purchase, then parsing a list in a first selected database directory of credit card holder locations;

searching the list for the credit card number contained in the transaction request;

determining whether the cardholder jurisdiction matches the taxpayer jurisdiction contained in the transaction request, and if located, writing to a selected file that no accrual of tax is due on the item; and

20 completing processing of the transaction.

A10 <sup>16</sup>15. A method for identifying taxable financial transactions, collecting data based on the transactions and calculating any taxes due on the transactions, the method comprising the steps of:

5 inputting an XML-based customer transaction request from a selected transaction processing source system to a program controlled apparatus for performing tax related transactions;

identifying the class of transaction to be processed;

determining whether the transaction is for a selected number of items of goods or services;

0 parsing a list in a first selected database directory of those credit card numbers to be denied access to the apparatus;

searching the list for a credit card number input by the customer with the transaction request;

15 parsing a list in a second selected database directory of those jurisdictions having a service override status;

20 searching the list for a jurisdiction input by the customer with the transaction request, and if the jurisdiction input is not on the list, then completing processing of the transaction, and if the jurisdiction input is on the list, then parsing a list in a third selected database directory of those jurisdictions charging the full tax applicable to the sale of services, and searching the list for the jurisdiction input by the customer, and if the jurisdiction input is on the list, then writing to a selected file that no accrual of tax is due on the services, and if the jurisdiction input is not on the list and the applicable tax is zero, then writing to a selected file that accrual of taxes on the services is due in full, and if the jurisdiction input is not on the list and the applicable tax is not

zero, then writing to a selected file that no accrual of taxes is due on the services, and parsing a list in a selected fourth database directory of those taxpayers subject to local tax accrual, and searching the list for the taxpayer input with the transaction request, and if the taxpayer is on the list, then writing to a selected file that accrual of local taxes due on the services, and if the taxpayer is not on the list, then writing to a selected file that no accrual of local taxes is due on the services, and completing processing of the transaction.

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16. An intelligent, program controlled system having programming for providing an internet-based sales and use tax compliance service related to accounts payable transaction processing, collecting data from a client's transaction request and calculating any sales or use taxes to be paid to the client's vendor and/or accrued, including the reporting and payment of client's accrued sales and use taxes to the appropriate state or local government taxing authority, the apparatus comprising:

a first server for hosting a first virtual portal having at least one application for providing e-content to end users, the application including a network browser for accessing, displaying and transmitting data over the network;

a second server for hosting a second virtual portal having at least one application for receiving data from the first server and for parsing the data received;

a communications infrastructure linking the first and second servers to one another;

a third server for hosting a third virtual portal having at least one application for receiving data from the second server, parsing the data received for XML-based data and interpreting the XML-based data for selected data processing operations;

a network service module for processing XML-based data from the third server, the module including an applications server, a database, a sales and use tax computation module and a sales tax and use tax remittance module, the service module receiving XML-based transactional data, storing the data in a first selected file of the database, computing the sales and use tax due on the corresponding transaction, storing the sales and use tax due in a second selected file of the database, converting the second file from an XML-based format to a TXP-based format for receipt by an automated clearing house network, and periodically transmitting the second file through the network to a selected financial institution for electronic funds transfer to a selected government authority; and

an infrastructure service module having a series of discrete operations including a security function for insuring system security over the interactive communications network, a system recovery function, a system backup function, a real-time and continuous accessibility function, a system monitoring function, a system load balancing function and a system scalability function.

II 2 <sup>18</sup>/<sub>17</sub> A program controlled system having modular programming for providing an internet-based sales and use tax compliance service related to accounts payable transaction processing, collecting data from a client's transaction request and calculating any sales or use taxes to be paid to the client's vendor and/or accrued, including the reporting and payment of client's accrued sales and use taxes to the appropriate state or local government taxing authority, the apparatus comprising:

an interface module for a merchant system that electronically contacts a service provider system each time an accounts payable source system transaction is initiated

a tax computation module operating on a server of a service provider, the module calculating the amount of sales or use tax to pay to the merchant's vendor and/or the amount of sales or use tax to accrue and report on behalf of the merchant;

a transaction processing module for consummating the transaction requested;

5 a funds transfer module for automatically receiving information on the transaction consummation and effecting transfer of the funds electronically to an account of a selected financial institution;

a tax payment module for periodic transfer of funds aggregated in the account to at least one account of a selected government authority;

10 a reporting/auditing module for generating interactive reports and for permitting auditing by the selected government authority;

a tax return module for automated generation of a tax return and transmitting the return electronically to the government authority.

15 18. A method for identifying taxable financial transactions, collecting data based on the transactions, calculating any taxes due on the transactions, reporting the same to a selected government authority, and periodically remitting funds corresponding to taxes owed to the government authority over an interactive communications network, the method comprising the steps of:

- 20
- i. sending an XML-based transaction request over the network from a subscriber computer system to a service provider computer system;
  - ii. sending the XML-based transaction request from the service provider system to a tax computation module;

iii. calculating the sales and use tax to be paid to the subscriber's vendor and/or accrued for each taxable transaction;

iv. transmitting a responsive XML-based reply to the subscriber system, the reply including the sales and use tax to be paid to the subscriber's vendor and/or accrued for the transaction;

v. displaying on the subscriber system the sales and use tax to be paid to the subscriber's vendor and/or accrued for the transaction;

vi. accepting the reply so as to consummate the transaction;

vii. sending a second XML-based request from the subscriber system to the service provider system for activating a module for reporting the taxes owed to a selected government authority, and a module for periodically remitting taxes owed over the network;

viii. transferring funds corresponding to the amount of taxes owed a service provider account;

ix. periodically generating a tax return based on the amount of taxes owed and reporting the same electronically to a selected government authority; and

x. periodically transferring the funds in payment of the taxes owed from the service provider account to the government authority.